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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

19 April 1957

MEMORANDUM FOR: THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: The Argentine Situation

1. Thus far the Provisional Government of the armed forces, headed by General Aramburu, has demonstrated a remarkable capacity to survive periodic crises during the 17 months of its existence. As the regime enters the last year of its temporary receivership, it still faces serious political and economic problems, and we believe it will become increasingly vulnerable to overthrow. The dilemma of this essentially conservative regime is that it has committed itself to general elections in February 1958, but no strong party or coalition with which it is in sympathy and to whom it would be willing to transfer power has emerged. The leftist leader of the Radical Party, Arturo Frondizi, is still the chief contender for the Presidency in an election. Army elements within the regime are strongly opposed to Frondizi, who they believe would head a nationalistic, labor-oriented government.

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2. In this situation, the present regime might attempt to delay the February elections. This could be done by slowing down the revision of the Constitution, now scheduled to take place from September to mid-November, by a Constituent Assembly to be elected this July. Alternatively, it might attempt to rig elections against Frondizi. As a last resort, army elements within the regime might attempt to depose Aramburu and forestall elections.

3. On the other hand, it appears that civilian and military sentiment for elections is fairly widespread. Antagonism to efforts on the part of the regime blatantly to rig or further to delay elections might therefore precipitate its overthrow. Hence, should it appear that sentiment for a duly constituted government is so strong that any military action to forestall elections would precipitate widespread internal disorder, the military might feel compelled to go ahead with elections even if it meant Frondizi's victory.

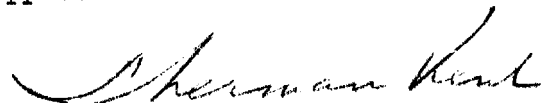
4. The Aramburu regime, which inherited a prostrate economy from Peron, has thus far been unable either to increase agricultural production for export, to attract foreign capital, or to halt Argentina's deteriorating financial situation. Largely for political reasons, it recently abandoned a proposed austerity program in favor of minimal remedial actions designed merely to stall off the impending financial

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crisis until after the presidential elections. Assuming these economic policies continue and that elections are actually held, any new government will almost certainly be faced immediately with a seriously weakened financial position and a balance of payments crisis.

5. The most recent estimate on Argentina, NIE 91-56 dated 17 July 1956, for the most part remains valid. We continue to feel that there are great obstacles to an orderly transfer of power to a constitutional regime, particularly since a moderate-conservative coalition sympathetic to the provisional regime's own social and economic predilections has not emerged. We believed last summer that the chances for an orderly transition were somewhat better than even; we now believe the chances are somewhat reduced. The forthcoming elections for the Constituent Assembly will precipitate widespread and intense political activity. As the situation develops, the Provisional Government's area of maneuver will become more clearly visible. In whatever way the problem of elections is resolved, a period of strain and possibly of turbulence lies ahead. Even if rightist forces should successfully attempt to prevent the emergence of a constitutional regime, we continue to believe that such a solution would be temporary and that any authoritarian regime would have to give way to one enjoying mass support.

FOR THE BOARD OF NATIONAL ESTIMATES



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